

BRIEFING NOTE TO THE MINISTER OF INFRASTRUCTURE AND COMMUNITIES

THE INFRASTRUCTURE DEFICIT

(For Information)

PURPOSE

- To provide information on Canada's infrastructure deficit.

KEY CONSIDERATIONS

- The concept of an infrastructure deficit or infrastructure gap is an attempt to set a baseline against which to evaluate spending on infrastructure, be it at the economy level or global level.
- There is no single, agreed-upon measure of the infrastructure deficit in Canada or globally. Generally framed as the difference between the existing or future stock of infrastructure and some valuation of the present or future need for infrastructure, measures are always rough, and often advanced in the context of advocacy.
- Most measures of the infrastructure deficit are based on how much is spent – either as a share of GDP or in dollar terms. As such, they generally do not assess the quality of the infrastructure that is built, or the efficiency and productivity of the construction (which can determine how far each dollar goes).
- In addition, many single-indicator measures do not provide detail about how the infrastructure varies across assets or regions.

KEY BACKGROUND

- A number of think tank and stakeholder groups have produced estimates of the infrastructure deficit for Canada. These estimates differ on their definition of infrastructure, period, data sources and the methodology used.
 - Federation of Canadian Municipalities (2007) - \$123 billion;
 - Canadian Chamber of Commerce – \$50 billion - \$570 billion;
 - Canadian Centre for Policy Alternatives (2013) - \$145 billion;
 - Canada West Foundation (2007) - \$238 billion; and,
 - Global Infrastructure Hub (2016-2040) - \$20 billion.

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- At the global level, the McKinsey Global Institute has estimated the global infrastructure investment deficit at \$57 trillion.
- Given the subjectivity of these measures and their frequent alignment with specific advocacy viewpoints, Infrastructure Canada does not generally use or validate any given infrastructure deficit estimate.
- Instead, the department has taken steps to build a baseline of public data and evidence to enable stakeholders and researchers to conduct their own analysis. Specifically, we have worked with Statistics Canada to build two data tools:
 - Infrastructure Economic Account (INFEA) quantifies the economic contribution of the construction of public and private infrastructure to the Canadian economy, from 2009 onward. Being derived from the same national accounts data that calculates Canada's GDP, these numbers are issued and updated regularly by Statistics Canada. For 2018, INFEA shows that the private and public sectors invested \$85.8 billion in infrastructure assets and that Canada's stock of infrastructure was worth \$839 billion.
 - Canada's Core Public Infrastructure survey (CCPI), which provides information on the state and condition of public infrastructure. Data for reference year 2016 were released last year, demonstrating that while overall most infrastructure is in good or better condition, there are significant gaps among assets. Data collection for reference year 2018 is currently underway, with data available in 2020.
- Going forward, we will continue to develop tools and work with thought leaders to better understand the ongoing needs for infrastructure. Some of that work includes additional data development with Statistics Canada. We are also exploring work with Indigenous communities to help understand their infrastructure needs, working closely with other departments.

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Infrastructure and Communities

Date